

Message from Thomas Shapley
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Report on TV about clients using cash grants for gambling

On September 15, 2010, KING TV (channel 5) aired a story about fraudulent use of funds from Electronic Benefit Transfer cards at gambling establishments. Chris Ingalls, the reporter, apparently had clients admitting that they swiped their EBT cards at Automated Teller Machines and used the cash for gambling.

EBT cards allow our clients to more easily access their cash and food benefits. And sometimes that means they may use an ATM machine in a location that some may question – such as on the grounds of a casino.

Troy Hutson, Assistant Secretary for the Economic Services Administration, was interviewed for the story and many of his remarks are incorporated below.

Gambling is illegal use of cash grant

It is illegal to use EBT cards or cash from EBT cards for gambling, pull tabs, punch boards, bingo, cards or any other form of wagering. When clients qualify for cash benefits, we provide a brochure, outlining the use of cash assistance, specifically stating that using the money for gambling is illegal. We have not received reports of clients using their EBT cards to gamble.

When the Department receives notice that a client has misused his or her benefit, the client is notified in writing that these actions could result in legal proceedings, loss of cash benefits, or assignment of a protective payee to manage the client's cash assistance.

We share responsibility for reporting fraud

Serving as good stewards of taxpayer dollars is a basic foundation of the work we do – we want to ensure that families in need get the assistance they need, and that means making sure limited resources are used wisely and appropriately. We have a strong, multi-faceted approach to identify potential fraud and limit inappropriate use of the benefits we issue.

We welcome the public's help in this endeavor. There is a "Fraud Hotline" where people can report suspected misuse of benefits: 1-800-562-6906. And you can do it anonymously if you prefer.

The DSHS web site <http://www.dshs.wa.gov/Fraud/> provides the Fraud Hotline, instructions on reporting fraud and complaint forms, so that anyone who suspects misuse of benefits can easily report it to the Department.

Understanding the information KING TV used for this story

The Department is very concerned about the misuse of cash and food stamp allotments, as well all other forms of fraud, but there many caveats to put context around the information presented by KING TV.

For example:

- The EBT data reflects only the month of July
- The data only includes ATMs that were **used** for an EBT cash transaction the month of July and does not include all ATMs across the state that accept EBT cards
- The address of record for an ATM could be the address of the business or person who owns the ATM, not the physical location of the ATM.
- Some casinos operate mini-markets – selling gas and groceries -- next or close to the physical casino, but the ATM address is that of the casino.

We need to better determine how pervasive this misuse is before making policy changes that could be quite expensive to state.

We will continue to monitor this issue to determine if we need to take measures like the state of California, where benefit cards can no longer be process through ATMs at casinos.

Disabling ATMs so they can't accept EBT cards poses other challenges, including

- Contract language with JPMorgan – our EBT vendor – gives us the ability to require the vendor to manually disable a specific ATM, but the contract does not include a specific cost. We would have to provide JPMorgan with a list of individual ATM ID numbers to be disabled along with the site and location of each specific ATM.

- Determining which ATMs to disable is complicated because the address of record for an ATM may be the address of the business owner and not the actual location of the ATM. Again, large venues may have many ATMs at the same address even though some of them could be located in non-gambling parts of the site, such as gas stations and mini markets.
- No one can recall receiving reports of clients using their EBT cards to gamble.

Typical DSHS client using cash and food benefits

Basic Food:

- Families up to 200 percent of the Federal Poverty Level (\$29,140 for a family of two)
- Single parent with one child
- About \$240 a month in Basic Food benefits

TANF:

- Cash, medical, and welfare-to-work services for low-income families – 82 percent of FPL (\$11,947 for a family of two)
- Single mom with two children
- About \$434 cash grant, medical coverage, and \$250 in Basic Food

Disability Lifeline:

- Adults without children who cannot work due to impairment or disability
- Cash grant up to \$339 a month
- Roughly 93 percent receive Basic Food